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The Right to Work

Statement of the Workshop

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EDITORIAL - SOME HIGHLIGHTS

I. General Economic Scene

State

Planning Commission

There was a meeting of the Planning Commission with the Chief Minister, the President, in the chair. The main task of this meeting was to review and approve the VIII Plan drafted by the Commission over the last 3 months. The Plan sets forth the objectives, the main thrust areas and 17 section with programme and projects for the 5 years - all totalling Rs. 9,000 crroes. The means of raising this amount was discussed and the whole document was approved for presentation to the government so that after that approval, it will be possible to publish the VIII Plan of the state and discuss it with the Union Planning Commission for coordination purposes. The next stage is to take the first step in decentralising the planning process—particularly its execution. For the next Annual Plan, 1991-92, the block development councils will also be requested to send their plan suggestions. The Commission also reviewed once more the major highlights of the Health and Family Planning programme in the VIII Plan and confirmed its outline.

Climate and Prices

The weather in May, which is normally the hottest month in the year, when the 'dogdays' (katri) are experienced, was however somewhat exceptional. Starting from May 4 a cyclonic storm was formed in the bay of the Tamil Nadu coast and at one point it was expected to cross Madras city. But it moved up to the Andhra coast and caused tremendous loss of life, cattle and property. Over 1000 persons died, masses of cattle were lost and paddy, cotton, tobacco and other crops were washed away. Tamil Nadu had 4 days of heavy rains and Madras city which had almost

run out of drinking water, was able to store water adequately till the North East monsoon sets in October. Through -out May, the state has been experiencing rains, with heavy rain in the south and light showers in Madras and Chingleput. Thus May had been a relatively good month. On prices, the January 1990 issue of CSO's monthly abstract of statistics reports that index number of consumer prices for industrial workers rose by 5 points in October but fell by 5 points in November, so that it was back at the September level of 884: that the index number of consumer prices for agricultural workers also rose by 7 points in October but fell by 7 points in November so that it stands at the same 726: the revised consumer price index number for urban non manual employees for Madras shows a 1 point rise in October over September, and another 1 point rise in November, Coimbatore shows a 1 point rise in October and is the same in Novemer, Madurai shows no change in October and 1 point rise in November, Salem shows a 1 point rise in October and a fall of 1 point in November so that it is back to 145 and Tiruchirapalli shows a 2 point rise in October and a 1 point rise in November.

Power

The power situation in the state in May was normal. In fact the rains in May, added to the storage in the hydel reservoirs, so that the power situation is really comfortable. The government presented an optimistic picture of the power situation to the Legislative Assembly in May, with demand being projected at 3000 MW and energy requirement at 21,089 million units in 1990-91 which are expected to increase to 5792 MW and 30,614 million units by 1994-95. To meet the shortfall in energy, it expects to increase the generating capacity by 2000 MW, mainly through turbine stations and wind farms and also the contribution from the union sector. With this power situation, the government announced in the legislature that 40,000 more pumpsets will be given power connections this year, in addition to the existing 12.78 lakh energised pumpsets and the 41,000 connections given in 1989-90. The government also announces that it has asked the Magneto Hydro Dynamic Centre of BHEL, Tiruchi to prepare detailed project for MHD retrofit for the Ennore thermal plant at the site which has been identified in Ennore. The legislature was informed that the Tamil Nadu Electricity Boards gap between expenditure and revenue for 1990-91 is estimated at Rs. 716 crores compared to Rs. 505 crores in 1989-90. Its revenue of Rs. 1,183.40 crores will be just enough to meet the cost of coal, oil and purchased power totalling Rs. 1164.56 crores,, leaving its other expenses, operation and maintenance (Rs. 45.64 crores), establishment (Rs. 291.75 crores), depreciation (Rs. 95.72 crores), interest (Rs. 301.69 crores). To meet these cost the tariff is being revised to bring in 379.97 crores which with the budget support of Rs. 450 crores will close the gap.

The power situation in the country was normal except in the states to which attention was called in the last issue. In the case of Karnataka, in particular there is likely to be a further power cut on HT users from 1 June, over and above the current 40 to 60 per cent cut. The Union government is now seriously taking into account private sector investment while setting power investment target for the VIII Plan. One positive development is the Rs. 143 crores from U.K. for energy efficiency projects. This project is aimed at increasing the

power availability in the country and to that extent reducing the power deficit. Further, the states like Maharashtra, Gujarat, AP and Tamil Nadu are pressing the Union government to reduce the wasteful flaring of gas and use it for power generation (and industry). Projects are ready in Gujarat in Ammeli District, in AP at Krishna district and in Tamil Nadu, South Arcot district for the building of gas grids to use gas for power generation. This may be the only way to avoid the shortfall in power generation which was 7.7 per cent in 1988-89.

Water

A major development in the area of water was the decision of the Supreme Court directing the Union government to set up within one month an administrative tribunal to adjudicate the share of the Cauvery waters that should be allocated to Karnataka and that to Tamil Nadu. There was petition to the Supreme Court by the Thanjavur farmers on this matter and the Supreme Court gave the two state governments and the Union government over 2 months to arrive at a negotiated settlement. There were several meetings in April and May all of which failed, so that the Union government said that it will abide by the decision of the Supreme Court. Now by the third week of June, the Union government has to set up the tribunal. The Karnataka government is now agitating against this decision and has filed a revision petition in the Supreme Court against the judgement. Also in May, there was a meeting of PWD, Water Boards and Secretariat officials to review and accelerate the work on the project to bring Krishna water to Madras by 1993. Work on the first phase for the distribution of the water has been planned for this year and the means of improving the storage and transmission facilities at the Red Hills, Poondi, and Chembarapakkam are also under study. The government reports that 45 per cent of the project work has been completed on the AP side and 80 per cent on the Tamil Nadu side involving receiving water at the border and carrying it to Poondi reservoir. So far Tamil Nadu has paid AP Rs. 92 crores for the joint project. As noted earlier, the rains in May increased the drinking water storage by over 500 mcft. Also in many parts of the city and the state, the level of ground water and in wells have increased sharply. The government in late May announced a massive scheme to provide protected drinking water to population with over 3000 inhabitants, starting with 423 habitations which will be provided with overhead tanks at a cost of Rs. 24 crores.

Transportation

The state government announced in the legislature that it has requested the Union government to allot the Madras Port a third berth for handling coal. This will help the state and its thermal plants to meet their power generation needs without additional cost. The Union government has offered an additional berth to Kochi which will involve transporting coal from Haldia to Kochi going round Sri Lanka and which will increase costs considerably.

Agrarian Legislation

The legislature passed the Tamil Nadu Land Reforms (Fixation of ceiling on land Act 1991), under which the 78,271 acres were transferred by landlords in

benami land deals to individuals and trusts between January 1, 1958 and April 6, 1960 in order to beat the land ceiling law. The benami transactions involved were transfer of 400 acres to Charitable institutions, 904 acres to medical and educational trusts and 76,967 acres by sale or appointment during the 2 years. Now the Act authorises the government to reopen all these transactions to deal with fictitious and benami transactions. The Assembly also approved a bill to provide relief to cultivating tenants who are in huge arrears of rent payable to landlords over a long period of time and facing eviction. The relief is discharging the cultivating tenant from payment of all arrears payable to the landlord or public trust upto June 30, 1989, if he pays before March 31, 1991, the rent due for the current year and one fourth of the total amount of arrears.

National

Plan

The paper on the Approach to the Eighth Plan was officially released on May 24, being laid on the table of the Parliament. Its main contents have been summarised in the section on the Plan in the last 2 issues: i) some percentages have been added in the paper as a result of pressure of cabinet opinion — such as 5.5 per cent as the annual average growth rate during the plan, employment growth at 3 per cent annual average over the current decade, savings rate at 22 per cent of GDP, net foreign resources inflow 1 per cent of GDP, 12 per cent annual volume growth in exports, ii) 50 per cent of investible resources to be earmarked for agricultural and rural development, iii) completion of democratic decentralisation, iv) shift in approach to rural development from department— wise schemes to integrated local area planning, v) elimination of illiteracy by the end of 1990s through overhaul of educational policy, vi) agriculture to be made more stable and productive through extension of irrigation, vii) greater attention to conservation of natural resources, viii) productive use of talents and energies of women to assure them a life of dignity, ix) needs of ordinary people and quality of their life to be central focus of planning, x) rapid promotion of overall development, diversification of the economy and strengthened infrastructural base, xi) to give operational content of the commitment of the right to work for every citizen, xii) development of small and medium towns to check the flow of unemployed from rural to urban areas, xiii) low cost housing, sanitation and night shelters, xiv) positive intervention to prevent exploitation of disadvantaged sections, xv) delivery of adequate health care to people, xvi) assured supply of food through a restructured, more efficient and decentralised PDS, xvi) concerted and bolder effort to correct deficiences in social development programmes, xviii) shift in family planning programmes from contraceptives to women's status, female literacy and control of infant mortality, xix) more discriminating approach in application of S&T with promotion of district level councils, xx) industrial planning reforms to emphasise strategic and non discretionary instruments of regulation, reducing bureaucratic controls, xxi) steps to improve efficiency and competitiveness of Indian industry for enhancing its contribution to exports and import substitution, xxii) review of policy towards SSI and encouragment of labour

intensive units, xxiii) restraint on growth of manufactures catering to well to do segments, xxiv) encouragement to exports of goods and business services, xxv) public sector to focus on infrastructure, key intermediary goods, strategic commodities and social service, xxvi) greater private sector involvement in areas now largely retained by the public sector, xxvii) offering shares of public sector units to workers and the public. The accent of the Plan will then be on employment generation through development of small and tiny industries and enlarged list of reserved items. There are problems of financing the Plan, in which the IX Finance Commission decisions enter. The trend is towards a modest workable plan which will function within available resources. The Annual Report of the Planning Commission calls attention to the wide sectoral disparities with the service sector growing and the primaiy and secondary sector declining, thereby widening the agriculture — non agriculture disparities in terms of output and incomes per head to which the inter- regional disparities, and that between different social groups — rural and urban, wage labourers and property owners, workers in organised and unorganised sectors and men and women — have been accentuated, which the VIII Plan must correct.

Prices

The rate of inflation for the month April is 1.3 per cent (+2.5 points) the wholesale price index standing at 172.8 on April 28. The annual rate of inflation was 8.5 per cent. The April inflation was led by primary articles (0.5 per cent), followed by fuel, power, etc. (0.1 per cent) and manufacture (0.2 per cent). Among primary product prices, food articles rose by 0.8 per cent, with cereals rising by 0.9 per cent and vegetables by 1.9 per cent. The major cause for the inflation is monetary liquidity contributed in large, paid by fiscal deficits. The World Bank's annual report warns that the budget deficits has reached its limit. Infact despite the cautious and restrictive credit policy for the current slack season announced by the RBI, the sharp growth in money supply which is over one per cent over the previous year's 17 per cent is due to the deficit. And here the worrisome fact is that there are signs that the deficit may not be contained within the budgeted limits because of the over estimation of revenue receipts, the under provision of expenditure and the booming rise in defence expenditure. From this point of view the decision to review periodically in particular the budget status is welcome as that would sound the warning bells in time. As the World Bank warns "the continuation of large deficits and low savings eventually leads to spiralling public debts, crowding out private investment, greater dependence on foreign borrowings and ultimately higher inflation. RBI is equally blurt in warning that rising budget deficits and consequent inflationary pressures could retard economic growth. It is the threat to development, placing an unfair burden on the poor that should be borne in mind. The total monetized deficit of the union government for the VII Plan was Rs. 39,488 crores against the target of Rs. 14,000 crores set for the Plan period.

Union Budget and Finance Bill

Parliament adopted the Finance Bill for 1990-91 in May with the following changes i) excise on HSD used by small fishing vessels to be fully reimbursed; ii) excise on aluminium

containers of liquid pesticides fully exempted to help agriculture, iii) import duty on waste paper brought back from 25 to 20 per cent, iv) for small paper mills, the concessional excise can be availed by mills of 33,000 tonnes (against the previous 24,000 tonnes), v) ceiling limit of MODVAT on PVS resin raised, leather cloth increased from Rs. 3-50 to Rs. 5-25 per sq metre, with the coated textiles excise revived downwards, vi) uniform excise of 15 per cent for DMT & PTA, vii) excise on polyester waste reduced by Rs. 5 per kg, viii) excise on metal container made of iron or steel reduced from 20 to 15 per cent, ix) mini cement plant excise reduced from Rs. 115 to Rs. 90 per tonne, x) audio cassettes - blank and recorded - fully exempted from excise but magnetic tapes used in manufacture of such cassettes raised from Rs. 2.10 to Rs. 3 per sq metre, ix) specified varieties of lime fully exempted from excise, xii) rate of air travel tax raised from 10 to 15 per cent of fare, xiii) 5 percentage point reduction in tax rate for cooperatives, xiv) deduction for tea industry, xv) state financial and industrial investment corporation brought on par with public financial institutions, xvi) qualifying income limit for parents of handicap children for tax exemption raised from Rs. 60,000 to Rs. 1 lakh. These are not really changes in the budget proposal which remain untouched. There has been some fine tuning, lowering taxes on mini cement plants, small fishermen and farmers etc. compensated by raising more revenue from air passengers and users of paste grade PVC. It is important that the concessions reach the beneficiaries for when they are intended,the fishermen in the case of lower cost of fishing nets, or lower retail price of fruit drinks, as otherwise the government will be losing revenue for no purpose.

Economy

There were two reports in May to Parliament on the status of poverty in the country. The Minister of State forPlanning reported that using households consumer expenditure of the 38th round and 43rd round of NSS the poverty level of the country has declined from 37.4 per cent in 1983-84 to 29.2 per cent in 1987-88 and that it is expected to decline further to 25.8 per cent by 1989-90. The other statement is from the annual 1989-90 report of the Ministry of Programme Implementation which states that percentage of population living below the poverty line in both rural and urban areas came down during the VII Plan from 36.9 per cent in 1984-85 to 25.8 per cent in 1988-89. In absolute terms the number of people below the poverty line is estimated to have fallen from 27.27 crores to 21.08 crores. The report states that the implementation of the poverty alleviation programmes in the main were responsible for reducing the people living in poverty in the rural areas from 51.2 per cent in 1977-78 to 39.9 per cent in 1984-85 and was expected to decline to 28.2 per cent by the end of 1989-90. It says that the the central aim of the 2 poverty alleviation programmes—IRDP and JRY—was to enable the rural poor to cross the poverty line. As part of the programme to use wastelands to grow forest, the Vanrai Trust in Maharashtra in coordination with the National Wastelands Development Board has undertaken, a Rs. 4.5 crores green valley project near Pune which is bringing open waste lands under forestry, hortiforestry, silvi pasture and various agro forestry systems. A national study by PCES's prime data base reports that NRI portfolio investments are declining rapidly. A large number of capital issues offered to them were not taken up. Out of 182

companies which went public in 1989-90, 32 offered them capital to NRIs who responded positively to only 5.60 per cent receiving no response at all. It is noted that the 5 who received a good NRI response were responsible for small issues less than Rs. 2 crores each.

Industry

CSO's quick estimate for Industrial growth for February 1990 is 10.6 per cent compared to February 1989. This means that the average index for the 11 months, April 1989—February 1990 is 6.7 per cent compared to that of the corresponding period in 1988-89. The report of the Ministry of Finance for 1989-90 states that there has been a spurt in investment activity with an indication of a bright investment climate, despite the uptrend in prices and a sharp decline in foreign exchange reserves. The effect of the 1990-91 budget on the corporate sector can be measured in the returns on corporate taxation (Rs. 850 crores) but even more in the Rs. 1787 crores of indirect tax revenues paid by the sector through customs Rs. 835 crores (46.7 per cent of the additional tax income) and excise Rs. 27 crores (12.1 per cent). The taxes to curb elitist consumption will affect companies engaged in producing cars, refrigerators, washing machines, micro wave ovens, VCRs. Cascading cost push pressures through increased duties on inputs will be felt by iron and steel industries, tyres and tubes, man made fibres, paints and varnishes. In customs there is a welcome effort at rationalising the rates and the aim at promoting modernisation as in food processing, sea food and exports generally. Similarly the public sector outlay will also be growth promoting. In sum, the budget has some positive effects on the corporate sector, though it may not be strengthening growth and good performance of the sector. On industrial sickness, RBI reports that as at the end of June 1988, Rs. 7000 crores are locked up in sick and weak units, increasing from Rs. 6256,40 crores in December 1987, with the number of small, medium and large units increasing from 2,06,098 to 219,531. In this context, sickness in the textile sector, according to the Ministry of Textiles, continued unabated, with 35 spinning mills closing down upto December 1989, along with 56 composite mills, affecting a total of 1,65,084 workers. The most serious aspect of industrial sickness is the alarming increase and volume of sickness in the small and tiny sector which is the sector which generates employment. While sickness in the large sector swallows up the major part of the bank credit, it is sickness in small and tiny industries which is serious because to that extent employment generation is held back. To prevent this, there needs to be improved infrastructure of credit and finance available to them, better access to improved technology and enterpreneurship. Their revival as part of planning for rural industrialisation needs to be undertaken. A related problem is the report of the Ministry of Programme Implementation on the increase and growing cost of Rs. 10,068 crores due to 163 delayed union projects. For individual projects, time overruns is 157 month for transport projects and 126 months for fertiliser projects. For 331 union projects with more than Rs. 20 crores capital, the cost overrun is Rs. 14,993 crores. The actual cost escalated from the approved cost of Rs. 75840 crores to Rs. 90,873 crores. The latest approved cost of the 184 projects with cost overruns is Rs. 47,475 crores, with the anticipated cost at

Rs. 62,937 crores. The cost overruns are maximum in fertilisers (63 per cent of costs) followed by power, railways and chemicals and petro chemicals. This is a serious situation and demands attention on the lines of the action plan for 1989-90, following the lines of the 18 projects which have been completed.

Public Sector Enterprises

The Bureau of Public Enterprises reports that the Industry Ministry has reservation about the Finance Ministry asking the public sector units to raise foreign loans to pay for government imports. Such loans have led to an adverse impact on profitability as in the case of BHEL which was 23 percent and ONGC at 32 per cent. This practice of the public sector enterprises being asked to raise loans in the international commercial market should be reviewed.

National Production Front

Steel

The report in the last Bulletin of the commissioning of the first blast furnace of the Vishakapatnam steel plant is both a matter of satisfaction and an occasion facing some serious questions. The satisfaction is that the blast furnace represents the most sophisticated integrated steel plant and the biggest one in the country, is the state of the art technology for waste heat recovery and the promise of emerging as the producer with the highest labour productivity. The serious questions on the other hand, concern the intermedial delays in erecting the plant and the consequent high cost escalation. The foundation stone was laid by Mrs. Gandhi in 1971, in 1979 the project was formally approved, in 1982 Rashtraiya Ispat Nigam started construction but had to stop because of lack of funds. In mid 1980s the project was about to be scrapped but the project authorities came up with a bold and innovative approach to cut costs through technological adaptation. Even so funds came in a trickle, the Andhra government added to the delay to completing the Tehri canal for water supply to the plant (see Vol. XX p. 53), the result of all of which is that cost of the overlapping first and second phases of 1.5 million tonnes each has risen above the original estimate of Rs. 2250 crores to Rs. 7350 crores, with the possibility that the project will not in its first phase be completed as planned by the end of the year and the second phase by March 1992. All this raises the serious question of whether the public sector should go in for this kind of large steel plant instead of leaving it to the private sector which will plan the project according to available resources and avoid serious cost escalation (steel prices have risen in the past 10 weeks by Rs. 1200 per month) or whether the steel should be imported. This last may not be an option for the VIII Plan when the government is planning to cut steel imports, which have reached a high Rs. 2000 crores against a much lower export. Now the search is for getting more output of steel items from secondary sources. The government's task force on iron and steel distribution has started to give guidelines on distribution because of disagreements on entitlements, compact groups and the degree of government intervention in settling disputes.

Crude

ONGC reports that it has struck gas at a well. GS-38-1, in the Krisaha Godavari

basin, which is fortunately free gas at the rate of 1.40 lakh cubic metres a day. This is fortunate because it is estimated that to reduce the flaring of gas, crude production will have to be reduced by 3 to 4 million tonnes per year or 11.60 million tonnes over 3 years. If this is done, import of crude will have to go up by that amount and for that foreign exchange is non existent. There is urgent need for a new gas use policy and for more facilities for processing natural gas. Petrol consumption is estimated to grow at 8.4 per cent in the VIII Plan compared to 10.8 per cent in the VII Plan. There should be further economies in its use. For 1990-91 the ministry estimates crude oil imports at 19.54 million tonnes and petroleum products at 12 million tonnes, compared to the previous year's crude oil import of 19.6 million tonnes.

Coal

In a somewhat desparate move, Coal India has decided not to supply coal to 9 defaulting power stations from mid May. They are 3 in UP, and 1 each in Haryana, Gujarat, MP, Maharashtra and DVC. The outstandings from these plants are Rs. 1870 crores, of which Rs. 715 crores are disputed. The Railways have been informed about this decision so that they need not arrange for wagons for these plants. Another development in the coal area, is that as a result of the 7 per cent hike in railway fares, coal has become 5 to 7 per cent more expensive than furnace oils, so that plants are now switching to the latter. Also petro chemical plant which was consuming 100 tonnes of coal has now switched over to furnace oil because it is more fuel efficient. There is also the perennial problem of inadequate coal supplies leading the thermal plants to live a hand to mouth existence in Gujarat and Tamil Nadu and the South. On top, large dumps of coal catch fire as at Chandrapur. This needs examination because of the feeling that there is a nexus between some coal authorities and private roadways companies which worsens the problem.

Non ferrous

Hindustan Zinc reports that it has drawn up a Rs. 1,000 crores expansion and diversification programme for the VIII Plan. It includes completion of the integrated project of Rampura — Agucha mining complex and Chanderiya lead zinc smelter, increasing the Rampura-Agucha mining capacity by 1500 tonnes a day, increasing the zinc smelting capacity by 40,000 tonnes per annum, setting up a diammonium phosphate fertiliser plant in Rajasthan and recording of sulphur, silver and iron values from pyrites, now being treated as waste. The company is in the process of taking over the tungsten mine at Deguna from the Rajasthan government and expanding its capacity. It is also putting up a cobalt production unit based on residues generated during the zinc smelting process and preparing jointly with Hindustan Copper a feasibility report for extracting nickel values from chrome. It is also planning to produce electrolytic chromium metal based on NRDC technology. It reports a record 1989-90 sales turnover of Rs. 415 crores, mine production at 1.79 lakh tonnes of lead-zinc concentrates, lead-zinc metal production at 88,023 tonnes, cadmium output at 261.11 tonnes and sulphuric acid at 1.16 lakh tonnes — resulting in a net profit of Rs. 85.10 crores. The mines department reports that aluminium production will be increased by 2.7 lakh

tonnes and that a Rs. 1200 crores 100 per cent export-oriented alumina plant is to be set up in the private sector in the VIII Plan. Also the increased production is to be effected by expanding the public sector undertakings, NALCO by 1.1 lakh tonnes and BALCO by 53,000 tonnes and private sector HANDALCO by 1.1 lakh tonnes. Two major companies— Larsen and Toubro and Essan have already made bids for setting up the export- oriented alumina plant on the AP-Orissa coast.

Cotton, Cement, Fertilisers

In accordance with the plea made in the last issue of the bulletin, the government in May released a further quota of one lakh bales of staple cotton for exports through CCI which will give producers a remunerative price. With this, total exports for this cotton year is 13.85 lakh bales. It has also allocated to the Maharashtra and Gujarat Federation the quotas surrendered by the Tamil Nadu, Karnataka and the private trade. On cement, there are long term and short term forces pulling in contrary directions. In the long run, that is during the VIII Plan, the VIII Plan capacity target of 63 million tonnes having been achieved,cement production which was 21.01 million tonnes in 1981-82 increased to 42.5 million tonnes in 1988-89 and 49 million tonnes in 1989-90. Imports have been stopped since 1985 and the industry's long term strategy is the production of 65 million tonnes by the end of the VIII Plan and 87 million tonnes by the end of IX Plan. In the short run, however, there is a problem of rising prices, which is curious because, as Vol. XX p 9 stated a few months ago. the industry was complaining about over capacity, market glut and unremunerative prices. Now prices have moved up sharply, because the southern plants have been forced to cut production because of shortage of coal reflecting the transport bottleneck, along with cartelisation. The government has stepped in and has asked the industry to roll back prices to the short March 31level. These short term forces are due not only to the supply side factors referred to above but also to the sudden increase in government purchase during January-March will pass. There is no excuse for cartelisation as the real need is to expand capacity in accordance with moderated forecast of the cement council and/or ICICI of 7 per cent per annum which will require production of 65 million tonnes at the end of the VIII Plan and the addition of 25 million tonnes capacity. This will give a remunerative price for the producer and a reasonable price for the consumer. The Annual report (1989-90) of the Department of Fertilisers states that for that year, production of fertilisers (nitrogenous and phosphatic) is estimated at 8.6 million tonnes, well below the target of 9.4 million tonnes. The capacity use of the plant were 65.1 per cent for nitrogen and 82.3 per cent for phosphates. Most of the units of Fertiliser Corporation and Hindustan Fertilisers are old and sick and so with obsolescence and defective design and outdated equipment to which inadequate power supply should be added, worked well below rated capacity. The report recommends that during the VIII Plan domestic production should be increased, cost, energy effective and short duration schemes should be adopted ; the spillover gas based projects on VII plan along HBJ pipeline should be implemented; low level units should be revamped; and new units should be located where raw material resources, notably gas, have been found and exploited for utilisation.

Commission on Agricultural Policies and Programmes

Further to the brief reeport on the first interim recommendation of the Bhanu Pratap Singh committee referred to in the last issue, in a second set of interim recommendation it has proposed: i) giving clear responsibility to one ministry for the growing deforestation and denundation in water sheds which result in loss of enormous amount of soil and water through excessive run offs: ii) out of the country's 264 million hectares, 175 million hectares are degraded (153 million hectares through soil erosion and 22 million hectares through water logging and soil erosion) and of this 90 million hectares recently degraded should be brought back to produce whatever they can, even if it be grass, shrubs or trees to start with: iii) 85 million hectares are partially degraded because they are neglected rain fed areas and must be treated for soil and water conservation : iv) of the 67 million hectares officially notified as forests, only 25 million hectares are good natural forests with 40 per cent crown cover, and these are being lost at an annual 1.5 million hectares and must be saved from further devastation by legal and administrative action: v) water logging and salinisation have claimed 13 million hectares of once productive lands by 1980 and must have increased by now. Systems of drainage are needed to stop this loss: vi) heavy investments in large irrigation projects are producing only 1.7 tonnes per hectare instead of the normal 4 to 5 tonnes. Here command area development programmes and drainage in canal irrigated areas can increase productivity: vii) Also the gap of 6 million hectares between large irrigation project potential and actual realisation should be speedily closed: viii) Due to denundation and soil erosion, reservoirs are silting up, affecting both irrigation and power. Desilting and treatment of catchment areas of such reservoirs to increase their storage should be speedily undertaken: ix) groundwater levels have fallen seriously in most intensively cropped areas. There is need to regulate pumping in such areas and pay greater attention to recharge problem: x) the per capita availability of land has declined from 0.48 hectares in 1951 to 0.14 hectares in 2001. Hence good agricultural lands should be carefully guarded and only degraded lands used for urban purposes with economy: and xi) there is need to monitor the health and productivity of over worked agricultural soils cropped 2 or 3 times a year and to which heavy doses of fertilisers and pesticides are applied. In such soils micro nutrients and trace elements must be replaced in time to regain deficiences.

Agricultural Production

The Draft Approach Paper to the VIII Plan has picked up the major recommendation of the 2 interim reports of the above committee and provides for increased agricultural production through greater resources for the 70 per cent rainfed crops, fuller use of the irrigation potential existing and to be newly created, more effective lands and water use management and stepped up exports. The ministry and Planning Commission have fixed the 1990-91 grain target at 176.5 million tonnes (rice production 73.5 million tonnes and wheat 53 million tonnes and rabi wheat procurement is 90 lakh tonnes which is a modest 0.8 per cent increase over last year's target because a) last year's targets were not achieved for any of the food grains and b) the monsoon is expected to be 4 per cent less than normal. For this year,

kharif rice procurement at May 25 is a record 111.43 lakh tonnes. The Planning Commission is also considering the Rs. 250 crores sub plan for the development of horticulture in the VIII Plan. Some disturbing facts to be noted are the delays in the harvesting of the wheat crop in Punjab in May due to the shortage of emigrant labour and the shortage of combine harvestors. A second problem is that RBI reports a sharp reduction in the recovery rate of rural credit, from 40 per cent to 10 per cent for commercial banks and even lower for cooperative banks, probably as a consequence of the proposal to write off loans upto Rs. 10, 000 per farmer. The department also reports that fish production in 1989 - 90 increased in the country by 3.1 per cent at 32 . 50 lakh tonnes (marine 18 . 50 lakh tonnes, inland 14 lakh tonnes, fishseed 12,000 million fry. The government reports that because of the bumper crop and easy market availability of foodgrain, the public distribution of foodgrains was 15.9 million tonnes in 1990 compared to 18.21 million tonnes in 1988 and 18.7 million tonnes in 1987.

Foreign trade

For 1989 - 90 the trade deficit has increased to Rs. 7730 crores from Rs. 7412 crores in 1988 - 89. Exports increased by 36.5 per cent to Rs. 27681 crores and imports by 27.9 per cent of Rs. 35,412 crores. The department attributes the trade deficit to the 13 A-320 Airbus purchase, the larger petroleum imports and shortfall in gems and jewellery exports. Exports were less than the target of Rs. 28,625 crores and imports higher than the target. There is need to probe into why exports were rising and trade deficit shrinking in the first 6 months and then exports slackening and the deficit rising in the second half ? Will this pattern be repeated. For 1990 - 91, the export target has been set at a modest Rs. 36,000 crores from last year's target increase of 40 per cent to 30 per cent for this year. This also may mean that the deficit for this year will continue at Rs. 7000 crores which is worrisome for our foreign exchange reserve system. The country's foreign balances (held by RBI) declined by Rs. 1159.71 crores as between March 31 and May 4 compared to the decline of Rs. 1073.97 crores in the same period in 1989. Another presentation is that India's foreign currency assets were Rs. 5135.06 crores on April 27, 1990, representing a fall of Rs. 142.24 crores since December 1989. But in the last 4 weeks, March 30 to April 27 the assets declined sharply by Rs. 787.21 crores. NCAER lists the main export hurdles as high input costs, cumberssome procedures for access to imported inputs, ineffectiveness of the International Price Reimbursement and duty draw back schems. The most serious problem they face is the higher price paid for their inputs than their foreign competitors — in steel, non ferrous metals, plastics and oil products. On the other hand a number of obstacles listed by the firms like obsolete technology, small scale production, low labour productivity and trade union problems have nothing to do with policy and are internal to the firms. India's exports are concentrated in a narrow range of goods and so need diversification both of exports and destinations. The top 10 per cent of exports account for over half of the country's exports. Hence the study recommends that if Indian industry is to take exports as seriously as domestic sales, the basic goods

used should be available at international prices through duty free imports. If produced with the country, the exchange rate should be so fixed that producers will not need protection. Considerable simplification of procedures through blanket import entitlement to producers, greater access to the export market and policies which encourage technological upgradation are needed. The Ministry of Commerce announces at the end of May that minimum exports of Rs. 20 crores for 5 years, revision of domestic tariff area scheme, inclusion of trading and services are to be part of the new policy of 100 per cent EDUs. On individual exports, polyester staple fibre export shot up to Rs. 100 crores in 1989-90 from the previous year's Rs. 40 crores, synthetic and rayon textile exports recorded Rs. 600.87 crores in 1989-90 (+116 per cent growth), exports of fruits and vegetables increased sharply from 5.99 lakh tonne at December 1988 to 7.08 lakh tonnes at December 1989, engineering exports recorded an increase of 30 per cent (Rs. 358 crores) in 1989 and for textiles an export target has been fixed at Rs. 8715 crores for the current year.

Aid and loans

In May IDA sanctioned $55 million and IBRD $7 million loan for watershed development in Gujarat, Orissa and Rajasthan. IDA approved a credit of $86.7 million and IBRD $10 million for the second phase of the country's family welfare programme which will benefit more than 22 million women in rural Bihar, Gujarat, Haryana, J & K and Punjab. The International Financial Corporation is finalising $80 million investment in India's private sector companies. The World Food Programme signed an agreement with India for $29.5 million food assistance for 9 food for work projects in north Karnataka. OPEC made available a loan of $6.5 million for a UP Basti district hospital project to improve health care services for about 17.4 million people living there. Japan in early May committed 100 billion yen (Rs. 1250 crores) as a consortium loan to India for 1990-91. The World Bank has recommended to the Aid India Consortium $4.2 billion loan for 1990-91 which is 30 per cent more than last year's gross disbursement of $3.2 billion and to double its lending to $6.1 billion in 1994-95. For 1992-93 it has recommended $5.8 million. Australia's Export Finance Corporation has offered a $50 million line of credit to the Shipping Corporation of India. The Shipping Credit and International Corporation has been authorised to raise $100 million with the help of banks in Hongkong and Singapore.

International

IMF

The Interim Committee of IMF meeting in early May in Washington approved a package of proposals to increase IMF quotas by 50 per cent to enable it to meet the anticipated additional demands for cash from member states and to bring 11 countries in arrears of $4 billion to the Fund under fiscal discipline. The 50 per cent increase which was a compromise between the French demand for a 100 per cent increase and the US for a 30 per cent increase will increase IMF's capital by $60 billion to $180 billion. The questionable part of this development is that the decision on IMF is taken outside by the richman's club — the G7. Now

at US insistance IMF is given the power of suspending a member in continuing arrears. The original provision was to expel such members which was never used because it was drastic. The World Bank and IMF accept the challenge of meeting to a large extent the growing credit needs of poor countries in the III World and Eastern Europe — the responsibility so far borne by commercial banks. This was also an outcome of the interim committee meeting. The commercial banks which had made liberal loans to the Third World countries have now pulled in and the IMF and IBRD will be taking their place in anticipation of an increase in their resources.

World Bank

The President of the World Bank placed before the Bank's development committee proposals a) to double the capital of IFC from $ 1.3 billion to $ 2.6 billion and b) to set up a pilot environment fund of $ 1.2 billion on a voluntary basis with the seed money of $ 150 million offered by France. On both no approval was given because the US was not willing to consider more funding, over and above its commitment to the extended IMF quota. On both, the resolutions passed deferred decisions to the future. *In the case of the doubling of the IFC capital, its board was asked to study the adequacy of its capital and modalities of its subscription. In the case of the environment fund, the resolution asked the Bank to reinforce its existing environmental programme in consultation with UNEP and UNDP; on the proposal for the pilot programme, the Bank President stated that it would not be ready before next year.

World Economy

The UN meeting in Geneva in May to prepare for the September conference on the 42nd least developed countries (LDCs) concluded that the world's poorest countries became poorer still in the 1980s, with their economies dragged down by debt, falling commodity prices and lack of production capacity. UNCTAD in its paper to the meeting points to the all round social and economic deterioration of the LDCs in the 80s, the only growth factor being their population and member (in 1981 UN had identified 31 countries as LDC, in 1990 they had increased to 42). In the 80s, the 2.2 per cent annual GDP growth of LDCs fell short of the UN target of 7.2 per cent set for them but was also lower than the 3.6 per cent of the 70s. With an annual 2.4 per cent population growth, the 80s saw a fall in their per capita income; manufactures grew by 2 per cent against the target of 9 per cent. The UN set a target for rich countries to allocate 0.15 per cent of their GNP to LDCs. In the 80s they received 0.09 per cent. So most of them had to cut back imports, abandon national development programmes and undergo a process of forced adjustment in austerity. Their continuing fall in investment and productivity does not enable them to resume development in the 90s on their own. UNCTAD recommends $36 billion ODA for them which involves a doubling of the current aid disbursals. IMF's World Economic Outlook refers to GDP growth for developing countries falling from 4 per cent in 1988 to 3 per cent in 1989 and to be at that for 1990, before recovering to 4 5 per cent in 1991. Their external debt decreased a little to $214 billion (32 per cent of the aggregate GDP). Asian developing countries average 5 per cent growth in 1989 and this is expected to continue in 1991.

In a later survey, IMF while confirming this relatively good prospect for Asia, places growth for developing countries at 3.25 per cent in 1990, the slow down being due to restrictive trading policies adopted by industrial countries to control their inflation generated by pressure of their productive capacity. It recommends price stability as the long term key objective of monetary policy if durable growth is to be achieved.

GATT

In May negotiations on a textile agreement in the Uruguay round made little progress. The dead lock is between the US which wants global textile quotas and the EC which wants that there should be a gradual integration of the clothing and textiles sector under the existing MFA into GATT. This later position is also that of India and the developing countries. The global quotas comprises a) country allocations representing the quantities set aside for each exporting country with whom the US has a bilateral agreement and b) a basket comprising the rest of the global quota. At this point of time, it looks as if US position will win and so EC has asked the Uruguay round negotiating group on textiles and clothing to wait so that its views may be more fully considered. Also in May the meeting of trade ministers from US, Canada, Japan and the 12 EC countries failed to agree on the major areas dividing them, namely farm trade, textiles and trade in services and are leaving the results of the difference and the expansion of talk to the heads of government meeting in July. An agreement then is essential for a) the Uruguay round to conclude successfully by December and b) to prevent a drift by the countries towards protectionism.

UN Special Session, ADB & OPEC

The special session of the UN General Assembly on international economic co-operation which met at the end of April (with the US which was opposed to it reluctantly joining in at the last moment) did not decide anything concretely. It called for an "open and credible" multilateral trading system, arrest of trends towards unilateralism, bilateralism and protectionism. It called for "substantial concessional resources" to help developing nations to cope with development challenges of the 90s. It also called for urgently solving the poor nations' external debt problem on "a durable and broad basis". This session was to review the achievements and non achievement of the Fourth Development Decade of the 80s and set the frame of the Fifth Decade of the 90s. Apart from making appeals and high sounding statements, it decided nothing concretely on development targets to be achieved. ODA increases (on the contary it noted that the old 0.7 per cent target is still to be achieved after 4 decades). It made no commitments. The Asian Development Bank (ADB)'s Board of Governors and its 23rd annual meeting met in early May in Delhi. It again made no new or important decisions. In fact on the urgent issue of the next instalment of the Asian Development Fund (ADF) which is the soft loan wing of ADB there was no agreement, with US, UK and Japan opposing even early negotiation on the next replenishment of ADF, which the President of the Asian Bank has placed at $ 10.4 billion. ADF—6 is likely to end up with less than half that at $ 5 billion. The other issue which was not resolved but postponed for the future was the access and share of India and China in ADF—6. The US is

opposed to both a large increase in ADF—6 and to access of India and China to ADF. What the Delhi meeting decided was greater investment by the Bank in the private sector in the Asian — Pacific region in the nineties. OPEC at its meeting in Geneva in April / May decided to cut its collective oil output by 1.445 million barrels a year in order to lift prices in a glutted market. Prices have fallen by 25 per cent to $18 per cent per barrel. If this agreement is followed, there will be a price recovery.

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II. Agricultural Development in Tamil Nadu

Paddy and other crops

Farmers have completed the samba and late paddy varieties harvests all over the state. They are using the unusual rains in May either to prepare the land for kuruvai sowings or for growing some short duration crops like pulses or some oil seeds. Because of adverse seasonal conditions, farmers in some of the districts like North Arcot, Chinglepattu and Tiruchirapalli cut back on their sowings so that the total paddy cultivated area was 20 lakh hectares against the target of 24 lakh hectares. But the farmers were able to keep up the relatively high per hectare productivity of paddy attained last year, 1988-89 also in 1989-90, at 3.2 tonnes per hectare in Thanjavur, 3.7 tonnes per hectare in North Arcot, 4 tonnes per hectare in Tiruchi and a high 4.5 tonnes in Madurai district. They used effectively the modern farm inputs, water use and HYV seeds and fertilisers. The result is that rice production for 1989-90 totalled in the state 62.38 lakh tonnes against the target of 60 lakh tonnes. For this year, 1990-91 the farmers are looking forward to the Rs. 1.5 crore Dryland Development project which will make available to them techniques for the productive use of available water, application of farm yard manure and bio fertilisers and integrated plant protection measures. The farmers have welcomed the government's announcement of the subsidy of Rs. 1000 per acre for development of land for cultivation and the loan for digging deep bore wells.

Research results

In May reports to research results were received from the National Pulses Research Centre, Vāmban on the spraying of a mix of pesticides to combat sheath rot in rice, from TNAU of a new cholam variety — K8 which is doing well in dry tracts, from AICRP Bangalore on means of controlling the blast threat to ragi, from TNAU on the herbicides to be used for weed control, from TNAU's regional research centre at Vridachallam on the five counter measures to be taken to check the dry root rot in groundnut, from the ND scheme, Warangal on combating caterpillar attack on groundnut, from TNAU's regional research centre, Vridachallam on the 9 stages in controlling the leaf miner pest of groundnuts, from Bhavanisagar's agricultural research station on the 5 steps to be taken to counter leaf spot disease of turmeric, from the sugar

cane research station at Melallathur on the use of coirpith which is a waste from coconut husk as a means of increasing sugarcane yield, from AP agricultural university, Tirupathi, on a new hybrid cane variety — CO 8021 which it has developed, from TNAU's Aruppukkottai research station on growing different crops of varying heights, rooting patterns and duration (called multi storyed cropping) under rainfed black soils, from UAS, Bangalore on new high yielding radish that ait has developed, from the National Pulses Research Centre, Vemban on means of controlling the diamond black pest which ravages cabbages and cauliflower, from the college of horticulture, Vellanikkara on Jamun which is a hardy horticultural crop suited to Tamil Nadu, from TNAU on the 7 steps to be taken to control nematodes damage to plants, from the Horticultural Research Station, Belampalli, the remedial measures to be taken to correct iron deficiency in cashew nuts, from Kerala Agricultural University, Mannuthy to check the root-grub menace in coconut palms, from IPCRI, Kayankulam on means of diagnosing the root wilt disease in coconut palms at an early stage, from Devanayagapuram on pigeon rearing as a commercial venture, from the southern regional research centre, Kodaikanal on measures of control and treatment of intestinal disorders in rabbits, from Kerala Agricultural University, Mannutty on spraying the soil with certain chemicals in order to make up for the low levels of magnesium and calcium and high level potassium which can be fatal to grazing animals, from UAS's Veterinary college, Bidar on means of checking infectious common diseases among broilers, from RARs Guntur on means of preventing animals from poisoning themselves from consuming a non edible plant — ipomola; from Kadavasal on integrated goat rearing and fish culture, from RARs, Guntur on using yeast culture as a means of giving animals nutrients and increasing their milk capacity, from SV university on means of avoiding neoplasia in fish, from the agricultural college and research institute, Madras on 6 ways of reducing dessimination of weeds which otherwise results in the production of weak seedlings, from RARs, Jagtal on the growing of turmeric as a profitable inter crop, from the Indian Cardamom Institute on means of combatting the shoot and capsule borer pest in cardamom, from RARs Guntur on growing siratro a pasture legume as animal feed, from college of Horticulture, KAU on controlling the rapid spread of bacterial wilt disease among tomatoes, brinjals, and chilli, and from SCAC, LRDC, Erode on using minerals and vitamins in cattle feed to help bovine overcome the problem of repeat breeding.

Coffee

Coffee production during 1990-91 is estimated to be 2,25,000 tonnes which is a 73 per cent increase over the 1,30,000 tonnes in 1989-90. India exported 1,22,496 tonnes and earned Rs. 366.11 crores in 1989-90. Indian Coffee prices have fallen, so the coffee from the Indian coffee Depots have become cheaper. If the Coffee Board goes for an intense promotion of coffee in the home market, there will be a high pressure on coffee supply, which is high one year and low the next year. In 1989-90, the production was 1,30,000 tonnes and with exports at 1,22,496 tonnes only 8000 tonnes are left for home consumption which has to depend on the following year's doubled production. Hence there may

be a shortage of coffee at the domestic level in the future. Though heavily export oriented, India's coffee exports are a small 3 per cent of ICO exports.

Tea

In tea, India is the largest producer, exporter and consumer of tea. Producing 720 million kg, 510 million kg are needed for home consumption which is constantly growing, so that the exports availability is diminishing. Exports now earn Rs. 800 crores and this dilemma is that we cannot both continue increasing domestic consumption and exporting more. While tea production has been increasing at 2 per cent annually, tea consumption has been increasing at 5 per cent annually, resulting in a decline in exports and creating a sense of uncertainty among those dealing in Indian tea which are being substituted by tea from Sri Lanka, Bangla Desh, Indonesia, Kenya and even China. Hence instead of following the previous government's policy of penalising exports (See Vol. p.228 XIX p.351) or the present government's asking the major export consumer, USSR, to stagger its demand, tea has been made a thrust area, aiming at an annual growth of 10 per cent. Otherwise the VIII Plan's terminal year will see production at 876 million kgs and consumption at 650 million kgs, leaving only 226 million kg for exports. The government is evaluating the functioning of the tea board offices in Canada, New York, Sydney, Cairo and Brsusels to see how the Rs. 3.5 crores on them is being expended and what the returns in export expansion are. It is clear that tea prices are determined by multiple factors on the demand side and the need now is to expand the supply base.

Rubber

In regard to rubber, the shortfall in domestic production during the lean season is being met by STC contracting for rubber imports to bridge the supply and demand gap in 1990. In April it released 5000 tonnes of imported rubber and in May 7000 tonnes at the release price of Rs. 22,500 per tonne ex godown Madras.

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III. Industrial Production in Tamil Nadu

Industrialisation in Tamil Nadu

Further to the measures to stimulate industrialisation of the state announced in the Assembly on April 18, as summarised in the last issue, under which industries to be set up in 30 taluks declared most backward and in the 3 SIPCOT industrial complex of Pudukottai, Cuddalore and Manamadurai will be eligible for full waiver of sales tax for 5 years upto ceiling of the total investmest made in fixed assets and; similar 5 years ST waiver of expansion/diversification of existing industries; along with the special incentives of nine years deferral of ST to new industries with an investment of Rs. 50 crores or those going in for expansion/diversification of assets of Rs. 50 crores or more; the government has clarified that the tax deferral waiver for expansion/diversifica-

tion is subject to sales tax payable on products manufactured by the capacity created by expansion/diversification units only. The industries in the most backward taluks and at the 3 SIPCOT complexes have been given the option to avail themselves of the full waiver of ST for 5 years or deferral of the tax for 9 years. The option should be exercised at the time of submitting the application and after acceptance becomes final. The scheme is for small, medium and large industries. The assessees of the unit for which ST has been waived will start paying the current ST dues after the completion of the waiver period or immediately after the full availment of the eligible waiver amount, whichever is earlier. These concessions will invite investment in the state which has been lagging for years.

BHEL

BHEL Tiruchi reports that with the slump in conventional power plant market the world over, it faces a grim order book position. It has a capacity of 1.20 lakh MW, but has orders for only 20,000 MW generators. The competition it says, is now so keen that even big manufacturers are accepting readily orders for small 60 MW plants which they earlier ignored. In this buyer's market, the terms for selling are becoming softer, with manufactures being prepared to erect and maintain the plant for a few years before handing it over to the buying countries. Because of this trend, the Tiruchi unit is rapidly diversifying. They are now going for manufacturing components for fast breeder reactors, metro electric static precipitators for thermal plants, waste heat recovering boilers. The plant has orders for Rs. 1740 crores. With 60 per cent capacity use, this means an annual turnover of Rs. 800 crores, which will enable it to be active for the next 2 years. For the VIII Plan, it will be manufacturing equipment for 13,865 MW of which its contribution will be 10,345 MW. This will mean it will use 65 to 70 per cent of its capacity during the first 3 years.

Neyveli

The Comptroller and Auditor General in his report for 1989-90 has criticised the delay by NLC in implementing some of its projects which resulted in substantial cost over runs. The expansion of Mine I to raise its capacity to 3.5 million tonnes which was to be completed in July 1977 but was in fact was completed only in July 1980 which resulted in the cost escalation from the original Rs. 36 crores to Rs. 129.95 crores. The first stage of Mine II and that of the terminal power station II of 63 MW had a time overrun of 22 months in the case of the mine and 45 months in the case of the power station. The cost overrun amounted to Rs. 96.04 crores in the case of mine and Rs. 12.07 crores in the case of power plant. These overruns are unacceptable.

MRL & LPG Cauvery separation plant

MRL announces various schemes to invest Rs. 3000 crores in the next 10 years in various schemes which will involve a total turnover of Rs. 40,500 crores compared to its present turnover of Rs 13,380 crores. When all the schemes are operative, the total capacity of the plant will be 10 million tonnes against the current 5510 million tonnes. The exclusive LPG separation plant that was envisaged as part of the

cauvery basin refinery has now been deferred because Gas India has stated that the associated gas could be sour. The refinery to handle 0.5 million tonnes of crude at a cost of Rs. 165 crores (see Vol. xx p. 166) is now awaiting PIB clearance before it is set before the union cabinet proposal for approval.

MEPZ and TIDCO

MEPZ is moving into second phase for which an additional 223 acres have been acquired. In this facet, 43 standard design factories will be built at a cost of Rs. 18 crores within 2 years. Under the first phase, developed over 98 acres, 112 projects have been approved. Out of 46 units in production, 40 are engaged in exports. For 1989-90 the export earnings were Rs. 30 crores and for this year, 1990-91, the target is Rs. 41 crores. As part of the second phase, MEPZ will be earmarking 100 acres for the Madras-Singapore trade corridor. MEPZ is slow and its export earnings are a trickle, raising questions about EPZs and their place in export earnings. With regard to TIDCO, the state government has asked it to defer its decision to disinvest in the joint sector, Pentasia Chemicals, which was to be taken over by Asian Paints. This deferred decision is due to the poor financial condition of Pentasia which has an accumulated loss of Rs. 5 crores due to underutilisation of capacity which has been built far in excess of the demand for the product, pentaethritol. As a result, its share prices have fallen and so until the company's finance are streamlined in 2/3 years, there can be no sale to Asian Paints. This is a sick company and should be treated as such. Time (2/3 years) may not help.

India Cements, SSL and Kothari Granite

India Cements is taking over the AP based Coromandel Fertilisers subject to the approval of the financial institutions. Coromandal has a capacity to produce 1 million tonnes of cement per annum and the combined capacity of the 2 plants will be 14 lakhs. India Cements which has recently completed its modernisation of its Sankar Nagar plant must now do the same with Coromandal so that it can be turned around from being a loss making unit. Southern Structurals (SSL) now 3 decades old, manufacturing cranes, structurals and mining equipment and undertaking job orders for various fabrication is also a problem child. The state government is now considering whether to involve a major public sector like BHEL or Bharat Earth Mover (BEML) for participation in its equity or to let a private sector firm takeover partially. Given the poor record of the government in actual industrial operations, the second alternative of a private sector firm taking over its management and contributing to its equity should be taken. SSL as a heavy eagineering unit has important professional expertise and a private sector management will maximise this potential. The DC Kothari group has received union government consent for setting up a Rs. 8 crore granite project near Madras, probably in the Ennore area. The granite quarry is in Dharmapuri district and with the West German collaboration, it is to be developed as a 100 per cent export oriented unit, manufacturing 30,000 sq metres of monuments and 50,000 sq metres of granite panels. The project cost is Rs. 8 crores. It is a sound and needed venture and is being followed up with neighbouring states for coloured granite.

Engineering Exports, Standard Motors, AEL and Rubberised Coir

As noted in the last issue, engineering exports from the South are booming at over 30 per cent. The target for this year, 1990-91 has been set at Rs. 500 crores, the Tamil Nadu share being Rs. 210 crores. Producers have called attention to the deleterious effect of the inordinate delay in payments of CCS and IPRS on the export effect. Tamil Nadu exports are second at Rs. 150.41 crores (after Karnataka at Rs. 168.65 crores). Among the engineering items, export of auto parts, machine tools, textile machinery led by Coimbatore's Lakshmi Machines top the list. With regard to Standard Motors the revival scheme worked out for it by BIFR now awaits the state government's providing its share of the package, involving a state loan of Rs. 3.02 crores. The scheme envisages that the company will wipe off its entire loss of Rs. 20.6 crores by 1999. Its production of LCVs and cars are important and the revival scheme should be supported by the state. The BIFR condition to reduce the labour force by 1999 has been negotiated with Trade Union, so that the package is ready to go into effect. The Armaan Electric Limited (AEL) is teaming up with ELCOT to establish the Rs. 304 lakh projects, the first of its kind in the country for the manufacture of mechanical contact low profits key board switches. Using Japanese technology, the project will go onstream by August at the SIPCOT complex of Gummidipoondi. The Tamil Nadu Industrial Cooperative Rubberised Coir Products Ltd. with 47 primary cooperative and marketing societies as members is setting up a Rs. 1.31 crores rubberised Coir plant at Thanjavur district to produce high value added items from the brown fibre which the state produces plentifully. Its capital is provided 65 per cent by the National Cooperative Develop ment Corporation, 26 per cent by the state government and 9 per cent by its members. With a production capacity of 600 tonnes, in the first year it will produce 240 tonnes.

Leather

Consistent with the good and increasing export performance of the leather sector, the Ministry of Commerce has raised the export target for leather and leather products from Rs. 2700 crores proposed by the Council for Leather Exports to Rs. 3000 crores for 1990-91. In 1989-90 the exports have crossed Rs. 2000 crores. The Union government has established leather as a thrust area and is setting up a taskforce to examine the possibility of liberalising the debt equity ratio of the leather industry to help its expansion and diversification.

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IV. Education, Science and Health

Educational reforms

The union government set up in May a 17 member committee chaired by Acharya Ramamurthy to review the current educational policy, including operation blackboard as well as the Navodaya Vidyalaya and autonomous colleges. As a matter of fact the focus of this review is not clear: the union

minister of state for human resources development has described its purpose as reviewing the 1980 policy and recommending measures to take country towards" a genuinely egalitarian and secular social order". His predecessor, the minister of state in charge of education told the Lok Sabha that the government was devising a new fee structure on the basis of ability to pay. The Prime Minister told the Lok Sabha that the education system is to be reviewed with a view to generating employment, reducing disparities and promoting national integration. He also stated that the government had prepared a blue print for universalisation of education by 1995. Elsewhere he called for "radical change" in the "present educational system". All these varied purposes of the review show a lack of focus, if not confusion. For the sake of the committee which is to report in 6 months, the purpose should be spelt out realistically and clearly. Universalisation of primary education, women's and girls education, cost of education, examination reform and meeting the basic lacks of rural schools should be an adequate agenda and on all these, data and analysis exist which can and should be used. All other objectives are wooly and are meant to ponder to political objectives and clients. In the higher secondary examination of the state taken by 2.86 lakh candidates, girls fared better at 74.9 per cent of passes against boys at 63.8 per cent. The government announced in May a series of decisions to put women in charge of education. It has ordered that during the academic year 1990-91 only women should be appointed teachers in all primary schools. It also announced that 30 per cent of seats in men's colleges will be reserved for women if there is no women's college in that locality. A meeting of women Vice Chancellors of the Common Wealth countries meeting in New Delhi in May has decided to develop a plan of action for the deployment of distance education for the benefit of women as one means of overcoming the formal educational limitations of time and space. The Approach Paper emphasises the education of women to help the development process and recommends special efforts to tackle rural female illiteracy as well increase womens' primary and secondary education. At the university level, the government has at last announced that a State Council for Higher Education would be set up to coordinate university and higher education in the state. It has also decided to set up the Sundaranar University in Tirunelveli and has had the bill to se up the university passed by the Assembly. The special officer working on the university's formation, Prof. V. Shanmugasundaram, will be its first Vice Chancellor. The government noted with regret that after 23 years, with all the incentives offered (including Rs. 180 per annum), only 12 per cent of students in the degree courses have opted for Tamil Medium. There are in 1989-90, 1,83,526 students in BA, BSc and B.Com and only 22,394 have opted for the Tamil Medium. The reasons given are that there are not enough text books in Tamil, that employment prospects will be affected and that in other southern states 3 languages are followed. The real reason is that parents are insistent that their children study in English because it is a colonial left over and it has prestige and it is supposed to enhance employment potential. UGC's country wide classroom programme is the first successful effort to use television

technology for education. Telecast twice a week, covering a wide range of subjects, produced by many creative educators, the programme is adjudged a successful attempt to spread higher education in the arts and sciences by a survey of the Association of Indian Universities. In addition several states have ETV programmes for schools. But even so, all these touch the fringe of the problem and need support for more widespread televison and use. Because of resource scarcity, various new courses proposed by colleges and Madras and Madurai Kamaraj university have not been approved by the government. The guidelines for admission of students to government colleges in Tamil Nadu have 2 new elements: a) the means of computing the marks in the subject criteria at +2 level exam for admission and b) the absence of any reservation for vocational stream students in the B.Com, BBA and B Corporate Secretaryship courses.

Adult Education and Satellite

The Adult Education programme aimed at both liquidating illiteracy and ensuring that those made literate continue as literates is gathering force both at the national and state level. The approach paper to the VIII Plan regards this as the key to rural development and the development of women. The Syndicate bank employees Union, Madras has started an education centre for part time sweepers and other menial staff, particularly women and those belonging to SC and ST to provide literacy learning to illiterates along with primary education and instruction to those who have had primary education so that they can appear for the VIII standard examination. The economic status of rural women, according to ILO, ESCAP and other studies, continues to be low. They continue to be marginal in the labour force and always form only the reserve labour force. More than 90 per cent of them are wage labourers in the unorganised sector. Driven by poverty, homelessness, unemployment and destitution they find refuge in low paid sector of wage labour. Agriculture employs 25 per cent of them, the ratio of women in the unorganised sector has gone up from 94 to 96 per cent in the decade 1971-81. In manufacturing only 19 per cent of workers are women and in services 16 per cent. While women form 49 per cent of the population, their employment per day has declined continuosly. And so one solvent being tried out is Adult Education and Technical training of women. On the satellite front, ISRO reports that all operations are in progress for the launching of INSAT-ID next month on June 12 from the Kennedy Space Centre, Florida. INSAT-ID has been built on the basis of the problems faced by the first 3 INSATs and is reported to have been made more reliable.

Technical education

The Union government is launching a project with the help of the World Bank to assist the states to upgrade the polytechnics. In the first phase of the project running from 1990-97, 280 polytechnics will be covered with Rs. 800 crores. The second phase is to begin in 1998 and will cover another 280 polytechnics. There is a special provision in the project for allowing women greater access to technical education, under which 22 new women's polytechnics are to be set up and 400 women teachers employed. Under the project, there is to be revision of curricula,

construction of new polytechnics and expansion and modernisation of existing ones. Bihar government for instance is to spend Rs. 87 crores during the VIII Plan to strengthen its polytechnics. Qualitative and quantitative changes in its technical education will make up for the past handicaps under which the number of its polytechnics and technical graduates is less than 5 per cent of all India total. A high level committee has been set up to examine the proposals and suggest the needed changes. Another committee is to monitor its execution. West Bihar has no polytechnics and so 3 polytechnics are being opened in the West, along with one for women. A text book development and resource centre is being set up to aid the project which will not be dispersed covering all disciplines. Similarly Gujarat is spending Rs. 65 crores, Karnataka Rs. 50 crores, Kerala Rs. 34 crores, MP Rs. 100 crores, Orissa Rs. 50 crores, Rajasthan Rs. 45 crores and UP Rs. 200 crores. The government announced in the Rajya Sabha that a total of 26 out of 1322 medical colleges in the country were not recognised by the Medical Council of India and that there is no proposal to open any more medical colleges.

Science

The Department of Science and Technology in its annual report for 1989-90 states that a number of schemes was launched during the year applying science and technology for rural development including a) training of 2000 artisans in various trades like leather tanning, pottery, honey extraction, textile technology in the cottage industry area, and new agricultural techniques: b) several projects for tribal development in Bihar and MP: c) 25 projects for reducing the drudgery suffered by women: d) an integrated waste management project through building and maintaining of toilets and processing garbage into fuel pellets: e) 167 project proposals approved in physical, chemical, life, engineering, earth and atmospheric sciences: f) a programme of National coordination of Testing and calibrating facilities and formulation of a national programme of robotics and automation: g) using polymer composites in rehabilitation aids: h) the setting up of 24 state councils of S&T: i) 19 instrument projects in analytical, geo scientific, laser and agro electronics were supported and know-how of 3 instruments readied for transfer to industries: j) pilot production projects at Sri Chitra Tirunal Institute for Medical Sciences: k) fellowships to young scientists for visiting Research Institutions abroad and other programmes funded by EC and DST: l) 10,000 S&T graduates exposed to 130 entrepreneurship courses: 1) pilot scale base centres set up in 10 districts by the natural resources management system which will be used for playing a multidimensional role in micro level planning and efficient management of the country's natural resources. The long standing proposal to tap the non conventional source of ocean energy for power generation will not get a fillip with the joint team of TNEB and the Ocean Energy cell of IIT, Madras who will be using the US Sea Solar Power to set up Ocean Thermal Energy Conservation plants of 100 MW capacity each along the state's coast. There is a move to develop the Electronics Research and Development Centre as a centre of excellence in application oriented research is professional and high tech electronics.

Health

UN's state of world population report says that India's population may hit 1446 billion by the year 2005—which is 216 million more than its earlier forecast and may surpass China by 2030. The world's population is growing at quarter of a million every day, it will reach 6.51 billion by 2000 and 8.46 billion by 2005. The increasing number of people are "eating away at the earth itself" and will reach critical levels in the 1990s. The union government is concerned at the state of health service in the country, seen in the fact that only 390 primary health centres were set up against the annual target of 3578. While HP, Maharastra, Meghalaya and Orissa have set up primary health centres, Tamil Nadu is among 8 states which have reported nil achievement. In 1989-90 only 439 sub centres were set up against the target of 14,502 and here again Tamil Nadu is among the nil states. The goal of "health for all" will not be achieved without making primary health care facilities accessible to the people. States have been requested to review their health services, make rural health institution fully operational and ensure full implementation of the universal immunisation programme to reduce infant mortality. On the recommendation of the State Planning Commission, the government announced in May that an incentive of Rs. 1000 in a 18 year fixed deposit will be given to a one child couple in the Rs. 15000 annual income group.

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V. Employment and Labour Relations

The Comptroller and Auditor General (CAG) in his report to the union government points out that with regard to the Jawahar Rozgar Yojana a) the funds of Rs. 2623.08 crores for 1989-90 could sustain employment for hardly 21 days on an average to one member of each rural family living below the poverty line: b) the identification of the targeted beneficiary families was not done in AP, UP and Bihar: c) annual plans at gram sabha level were not prepared in any state nor was the necessary training given to the implementing authorities: d) union assistance to 12 states and UTs was released in excess of their entitlements and to 19 states it was less: e) even though the overall utilisation was 24 per cent of available funds, the second instalment of Rs. 1112.60 crores was released prematurely to the districts in September 1989: f) the prescribed condition of 50 per cent utilisation of the available resources had been satisfied in only 2 states: g) unutilised resources of NREP and RLEGP totalling Rs. 422.48 crores available with the states were not reckoned in fixing employment generation targets for 1989-90 : h) due to lack of adequate preparatory work for the new JRY programme, employment generation during the first 4 months of 1989-90 was less than in that period under the old programmes in previous years: h) targets for employment generation were not achieved, in UP during the first quarter of 1989 it was nil, in 3 out of 4 districts in Karnataka it was only 36 per cent and in AP only

11 per cent in the districts where test checks were held. A study by DST states that there is considerable present and perspective imbalance in demand and supply of technical and scientific manpower. Agricultural scientists are in surplus by 20 per cent and will increase to 22 per cent by 1990-91 and decline to 12 per cent by 2000-01. There is a shortage of 1.5 per cent of veterinary scientists which will increase to 9 per cent in 1995-96 and to 18 per cent in 2000-01. In engineering and technology, there is a 3 per cent surplus in 1990-91 which will increase to 8 per cent by 2000. In medical manpower there was a shortage of doctors by 18 per cent in 1980-81, which will increase to 20 per cent by 1990-91 declining to 17 per cent in 1995-96 and 12 per cent in 2000-01. The shortage of nurses is a high 39 per cent in 1990-91 rising to 50 per cent in 2000. Similarly shortages are anticipated in health educators, lab technicians, nurse, mid- wives, health assistants and workers. Similarly in new areas like electronics and telecom, new technologies in energy, food processing, textile designing, printing computer sciences additional technical manpower is needed. By 2001 there will be a shortage of 385,000 in medical and nursing group, 52,000 in engineering and technology, a surplus of 137,002 in agricultural and veterinary group and 303,000 in general sciences. For 1990-95 (VIII Plan) there will be a surplus of 342,000 in general sciences, 28,000 in agriculture and veterinary and a shortage of 3000 in engineering and technology and 255,000 in medical and veterinary group. There is need for this kind of study to be carried out in each state to identify geographical distribution of imbalances, and as manpower formation is a long term exercise, corrective steps be taken now. Further to the status of rural women workers referred to in the section on Adult Education, the studies show that only 2.12 rural women adopted a profession of households/ industrialists which dipped from 1.47 per cent in 1971 to 0.61 per cent in 1981: as agricultural labourers their share was constant being 8.01 per cent in 1961, 7.33 per cent in 1971 and 8.01 per cent in 1981, but as cultivators their share dipped from 18.41 per cent in 1961 to 5.91 per cent in 1981, indicating that after getting education, they move into other occupations, though lack of skills and training plus decline of traditional handicrafts and cottage industries have denied them alternative job opportunities. Immobility of labour is one of their handicaps, forcing them to accept irregular low paying jobs in the unorganised sector. In mines, their share fell from 16 per cent in 1961 to 11 per cent in 1978 and in factories from 11 per cent in 1961 to 10 per cent in 1981. Their pattern of employment is lopsided - in textiles they are employed mainly in winding and reeling, in jute industry in sowing, in silk industry in winding, in mines in the open working, in coal mining, in wagon loading, in cleaning, brick carrying and pellet making. In wages they suffer discrimination and are paid lower than men because of cultural attitudes. Thus India has a long way to go to undo the employment wrongs of women. The Nehru Rozgar Yojana providing employment for the urban poor has been recast by the new government and is being implemented. 475 lakh man days of work will be generated under 3 schemes under it — Urban Micro Enterprises, Urban Wage Employment and Urban Housing and Shelter upgradation. For the programme a budget provision of Rs. 120 crores has been made and RBI has agreed to reduce the interest on the loan for the programme from 12 to 10

per cent. The Union government announced in May the setting up of a Forum for unorganised labour made up of trade unions and labour organisation to work for workers in the unorganised sector and for casual labourers. This will be followed by the formation of a national commission for the welfare of unorganised labour, particularly farm labour, construction workers and bonded labourers. The Tamil Nadu government in May reconstituted the State Advisory Board on the minimum wages act with the state labour commission as chairman and representatives of 8 labour organisations and of representatives and employers organisation and 7 government representatives to review the implementation of the minimum wages fixed for various employment in the state. The March 1990 issue of the Indian Labour Journal surveys child labour in India — the varying estimates, of UNICEF's 14.5 million, Planning Commission's 17.58 million, NSS 16.7 million etc. the stability of the employment of children as between 1971 and 1981 in 9 occupations, the state wise percentage with AP leading followed by J & K, MP and Maharashtra, the 5 point national policy on child labour in 1987 — showing the various steps taken by the government to reduce and "humanise" child labour, the major counter element being the poverty of the parents which leads to their reliance on the children earnings. Education is a long term solution to the problem. The April issue (1990) of the Journal survey the occupational health and safety of workers and conclude that the indifferent attitude of workers towards safety is the result of their disillusionment with the various laws and ritual celebrations on safety. Hence it is suggested that the external control and facade on which the safety system is dependent should be replaced by using workers as the valuable source and resource for the management of safety, health and hazard control. The workers then will be a creative and possible contributer based on their capabilities and needs for the management of their safety, health and hazard control. The government introduced the Participation of Workers in Management Bill in the Rajya Sabha to provide for workers participation in the shopfloor, establishment and board of management of industrial establishments.

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VI. Other Items

Computer Centre-Anna University

A computer centre both to train computer scientists and to computerise the university research and management programmes was inaugurated in early May at the Anna University. This was the last action of the Vice Chancellor before he left the university to take up the Vice Chancellorship of the Indira Gandhi Open University. Also on that occasion, a large Rs. 3 crore endowment by SPIC was made to the university to fund its bio technology research programme, which was inaugurated by the minister of education and on which the union minister of state for defence and union secretary for biotechnology spoke.

BGVS

A meeting of the Executive Committee of the Bharat Gyan Vigyan Samithi was held in mid May in MIDS in Madras attended by the coordinators of the programme from 8 states. The committee reviewed the progress of the programme and made decisions with regard to the coordination of the programmes with that of the mass programme of functional literacy and the support needed by the 5 district literacy programme for Tamil Nadu plus the programme for total literacy for Madras.

SRC & TNBCE

The Governing Board of the State Resource Centre met in May. It reviewed the work of the Centre and commended the new quarters to which it had moved. It decided to transfer the responsibility for printing all learning materials from TNBCE to SRC. The Governing Board visited the 2 1/2 grounds of land which had been acquired over 4 years ago and found it to be a very good location to build the headquarters of SRC & TNBCE. It was decided to apply to the union ministry of education for a grant of Rs. 5 lakhs and request the state government to match it. It was decided to call on the architect to draw up a building plan and present it to MMDA for clearance. The meeting of the executive committee of TNBCE examined the proposals for the Triennial conference to be held in October in Madras. It was decided to invite the Chief Minister to inaugurate the conference, the education minister to preside over it. It was also decided to invite Mr. L N. Mishra, Director General National Literacy Mission to deliver the lecture on the occasion. This would also be occasion for the election to TNBCE officers. The theme of the conference would be the International Literacy Year—Tamil Nadu's participation, and 5 commissions will work on a specific aspect each.

RDI and IIC

The quarterly meeting of the Board of Directors of RDI was held in Bombay in May. It reviewed the excellent work of the Digest and its staff and noted the very high income that will accrue this year. It invited the managing director to present to the next meeting some proposals for diversification of the activities of RDI. In IIC, there were 3 activities in May. There was a planning meeting of the Directors of the Research Institutes of UP, Bihar, MP and Rajasthan which discussed the rationale and subject matter of regional planning for the central region. It was decided to concentrate on water, power, agriculture, forests and minerals, and the subjects were divided up between the institutes. Second, there was a luncheon meeting of the planning group of the Economic Affairs activities. It reviewed the activities completed in 1989 and the ongoing ones for 1990. It made proposals for the panel discussion and seminars for 1991 when there will be a change in the convenorship. In the evening there was a panel discussion on textiles when the main emphasis was that there is need for textiles to become internationally acceptible and competitive, the main players here being Hongkong, South Korea and Taiwan.

ICRIER & International Cultural University

There was a meeting of Governing Council of ICRIER which reviewed its

good and solid programme of research and made suggestion for their wider dessimination. ICRIER has developed as the only authoritative body — both operational and in research — on India's International external commercial relations. The Council gave the director and chairman all the needed advice and support. There was a meeting of the International Cultural Open University at the end of the month when the Dutch Ambassador presented on behalf of the university the degree of Doctor of Letters (Honoris Causa) to Dr. Jayagopal for the outstanding work and contribution in Distance and Adult Education. After the investiture and address by the Ambassador, the Vice Chancellors of several universities and industrialists felicitated Dr. Jayagopal on the conferment of the Honorary degree.

First Article

A note on the Right to Work appears as the First Article.

Second Article

The concluding Declarationon Land as Renewable Resource at the Annual Workshop of the Heads of Social Science Departments of Southern Universities appears as the second article.

MIDS News

Dr. Padmini Swaminathan attended a Conference on *Canada-India Linkages, Technology, Education and Trade* held at Montreal, during June 4-5, 1990 where she presented a paper on *Women, Technology and Development*. The Conference was sponsored among others by Shastri Indo-Canadian Chapters of McGill and Concordia Universities.

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Dr. M. Thangaraj presented a paper on "Impact of Land Reform Legislations in Tamil Nadu" at the Twentieth Interdisciplinary Research Methodology workshop on Management of Renewable Resources - II organised by MIDS and ICSSR held at CDS, Trivandrum between June 6-9, 1990.

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Dr. S. Neelakantan has joined the Institute as Director with effect from 2nd July, 1990.

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Dr. Melvin M. Weber, Professor of Planning, University of California at Berkeley along with two others visited the Institute and had a formal discussion with the interested faculty members regarding the World Bank assistance with local bodies on 3rd July, 1990.

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The Right to Work

by

Malcolm S. Adiseshiah

The Digest

The Right to Work is enshrined in the universal Declaration of Human Rights adopted unanimously in 1948 by the General Assembly of the United Nations, which states: "Every one has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment". India not only voted for the Declaration, but took an active part in its formulation, and actually provided the chair person for that session of the General Assembly. Subsequently the Right has been incorporated in the covenant of Human Rights adopted by the United Nations, and later elaborated in a series of Covenants and Recommendations on unemployment, employment policy and full productive and freely chosen employment adopted by the International Labour Organisation on the implementation of the Right.

India is therefore morally bound to incorporate the Right to Work in its constitution and laws. Some 4 decades after independence, the absence of this right in Indian constitutional and legislative jurisprudence is not only a serious lacuna in our legal structure, it is the major factor accounting for the persistance of mass poverty and destitution in the economy.

Justiciable Nature

In making the Right to Work part of the constitution's section on Fundamental Rights, there is the acceptance of the justiciable nature of this Right. This aspect — its justiciable character is essential as a means of tackling at long-last the massive problem of poverty in the country. Under this facility, anybody can go to court challenging the government, the state or the union, for the non fulfilment of the right and demand its full and immediate implementation, along with such compensation as is appropriate. This will keep the government authorities in a constant state of preparedness,

through review and updating of data by district, block and village on the state of employment and unemployment in each locality, together with provision through a shelf of work projects in each block to meet this demand for work: or in the alternate make adequate social security provisions to maintain the unemployed person and his/her family with the needed food, clothing and housing. The Right has to be justiciable, if it is to be effective and operational.

The Right and Poverty

The Right to Work is closely related to the quantum and nature of poverty in the economy. Recently there has developed the view that poverty in terms of actual hunger of the individual or the family is considerably reduced as a result of the increased and improved earnings, so that the nature of poverty is now expressed in the lack of the other elements of the standard of life apart from food, such as health, housing, sanitation, education etc. On this view, two comments may be made. First even using this level of living or quality of life norm, the poverty is massive and the way to counter it is through both more adequate provision of work as well as the level of earnings from work. In this regard, this view points to an important truth which tends to be overlooked. And that is, that the Right to Work must cover not only the time period of the work involved, the labour time disposition, but also the level of wages earned and paid. In other words, this approach that poverty refers not simply to the food intake but also to the other essential elements that make for the quality of life brings home the essentiality that the Right to Work involves not only the provision of employment to every person able and willing to work, but also that the employment provided is gainful implement, which is employment that provides a level of earning adequate to maintain the worker and his/her family in adequate circumstance.

The other comment on this view that poverty as measured by hunger is declining in the economy is based on a macro-global approach — of looking at the Indian economy as a whole, where in the number of families going to bed hungry every night is declining over time. According to the official data, the poverty measured by a certain amount of calorie intake has declined from 50 per cent of the population in 1972-73 to 48.3 in 1977-78 to 37.4 per cent in 1983-84 and this falling trend is expected to be repeated again for the year 1988-89 for which the 43rd round of the NSS has been completed. Apart from certain serious methodological questions raised with regard to this data, its collection and its interpretation, these are macro data, for the Indian economy as a whole. A more recent and detailed break down of the 1983-84 data and its full four sub rounds which are now available has enabled the World Bank to present the following pattern of the state of hunger based poverty in the different regions of the country.

The table shows that a) the overall poverty ratio for the country as a whole is declining over time, b) the Northwest has almost abolished poverty in its economy, and c) a serious and worsening problem of poverty and dire poverty in the two regions of central and eastern India. The 412 million persons living in this area have a low level of consumption and wages with their per capita health and education facilities has being even lower, accompanied by high birth rates and accelera-

(percentage of population)

	Poor			Very poor		
Region :	1971	1983	1988	1971	1983	1988
South comprising Andhra Pradesh, Karnataka, Kerala & Tamil Nadu	61	46.2	43.2	29.3	25.8	26.1
East comprising Bihar, Orissa, West Bengal, Assam	61.8	57.3	51.3	26.7	29.4	36.7
Central comprising Madhya Pradesh, Rajasthan & Uttar Pradesh	46.9	40.2	37.2	25.9	27.1	27
West comprising Maharashtra & Gujarat	46.1	38.2	34.9	1.2	1.1	1
North West comprising Punjab, Haryana Himachal Pradesh	12.6	9.8	8.3	less than 1		

Source : IBRD

ting growth rates of its labour force. It is necessary for the resources from other relatively well to do regions to be mobilised to be used to provide these 2 regions with the means of making available gainful employment, and in its absence unemployment relief and pensions to the poor in these regions. In these 2 regions especially the Right to Work will call for both employment generating activities and programmes and social security provisions.

The Right and the economic model

The Right to Work raises the question of the economic model appropriate for the exercise of the Right. The current economic model generates massive un and under employment denying the Right to Work. In agriculture, it favours the large and medium farmers who are able to invest their surpluses in their farms, particularly in improved irrigation, increased fertiliser dosages, and use of mechanised instruments first in irrigation and harvesting, followed by threshing, ploughing and sowing. These capital inputs in farms have increased their output and incomes but have not generated employment. In fact the evidence from Punjab, Haryana, West UP and Coastal Andhra Pradesh, where this structure of agriculture is in use shows that wage labour in these areas is decreasing, while employment of casual labourers is on the increase due to leasing out of land by the marginal holders. Sarvekshana reports, for instance, that for the economy as a whole casual labour-increased from 22.04 per cent of all male workers in 1972-73 to 26.66 per cent in 1977-78 and to 28.63 per cent in 1983-

84 and from 31.49 per cent of all female workers to 35.06 per cent and 36.60 per cent during these years. Hence the kind of agricultural structure that is in existence particularly in the green revolution areas is not employment intensive. In manufacturing, the Economic Survey 1988-89 reports that employment in the public sector for the year increased by 1 per cent and in the private sector declined by 0.9 per cent, while the capital invested in the two sectors increased by Rs. 15,000 crores, while the rate of manufacturing growth was a high 9 per cent. Where employment is increasing is in the defence and administrative services, which are the non commodity producing sectors. Hence the current production model is not employment generating and cannot support the Right to Work.

The Right to Work requires that there should be a switch over to a wage goods model with emphasis on small farm agriculture, extensive irrigation, gradually covering most of the dry farming areas, expanding agro industries and their cash crops, agro processing activities, and small, cottage and tiny industries. This would reduce the capital that will require to be invested (while allowing the infrastructural areas to obtain the needed capital for their functioning and expansion) and in the process reduce the incremental — capital output ratio which is continuously rising and which we cannot afford. This wage goods model will be producing the essential goods and services needed by the mass of the people and in large part produced by the people themselves, who would be engaged in the agricultural and agro processing activities which will be gainful employment intensive, and so increase the purchasing power in the hands of the people involved, which will be the market for the wage goods that they help to produce. The current market signals which promote investment in consumer goods and consumer durables and register high rates of growth in these industrial sectors are also import intensive, contributing to the serious pressure on and imbalance in the balance of payments of the economy. These investment areas will be replaced by investment in the main areas of the wage goods model, which will also lessen the balance of payments pressure of the economy. While the switch over of the public sector to this model will be possible, the main investment problem faced by the wages goods model is to help channel private sector investment through a system of incentives and penalties into the investment areas of the model.

The Right to Work therefore requires that the present structure of production, consumption and distribution be gradually (say over the 10 years of the IX and X Five Year Plans) be replaced by the wage goods model, which is the only employment generating structure.

The Right and Distribution

In turn, the Right to Work and the wage goods structure call for a modification of the present structure of distribution of incomes and assets, as just noted. The present distribution of rural assets is very fully documented by the Reserve Bank of India's decennial All India Rural Debt and Investment Surveys in 1961, 1971, 1981 which contrasts the assetlessness of the bottom 10 per cent of rural society, with the 75 per cent share of the top 30 per cent over all 3 decades. The transition to the wage goods model will result in a gradual modification of this

unequal distribution. But it also calls for positive, affirmative action on land reforms — legislation and more urgently implementing the legislation on land tenures, and establishing the real surplus land available over the ceiling, and its distribution to the marginal farmers and the landless farm workers.

The unequal distribution of income and assets in urban areas is both less well documented and more difficult to deal with. Some idea of the gap between the asset owners and the assetless can be seen in the data on the non implemented urban land ceilings legislation, in stock and capital market movements in which less, than 0.5 per cent of adult population is involved, in the annual reports on the profits and dividends declared by the corporate sector seen in the annual surveys of RBI, IDBI, ICICI, CMIE etc. The resistance to the switch over — even slowly and gradually — of structure of production and consumption which is employment generating comes from those with large incomes and assets, because the investment in the production structure of the wage goods model will not produce the level of profits on the output and the rates of interest and dividend on invested capital that are declared by the present consumer goods and consumer durables oriented production structure. They know that there will be a serious correction to the present overwhelming power and unequal asset and income distribution, favouring the small elite when there is a switch over to the wage goods structure. In other words, there will have to be a gradual transfer of assets and income from the powerful minority to the people and the state, which will promote the establishment of the structure which generates employment, making possible the implementation of the Right to Work.

The Right to Work and its Finances

The Right to Work broadly involves three groups in the economy: a) those who are employed full time in agriculture and allied occupations including irrigation, in industry, (mining, manufactures and electricity), and in the services, banking and transportation: b) those who are able and willing to work but have no employment or are under employed, that is, employed earning incomes far below the family subsistance minimum: and c) the first decile of the population who are not covered by any employment scheme and any poverty alleviation programme, the aged, the sick and the disabled.

Financing the Right to work involve the second and third groups. For the second group some token inadequate provisions have been made under NREP, RLEGP, DWARCA, TRYSEM and IRDP. The provision of this kind of work as relief needs to be increased atleast two fold, and is set at Rs. 6,000 plus about Rs. 4,000 crores in bank credit for IRDP type activities at current prices per annum. This group will shrink and the magnitude of the needed finances decline, as the economy moves into the employment generating wage goods structure.

For the third group which no plan provision has so far covered and for which social security provisions will have to be made on a long term basis, an annual provision of Rs. 6,000 crores at current prices will be needed to cover the destitutes who comprise the last decile, the old who are growing in number as the population ages and the 60+ increase, and the sick and the disabled.

All this involves a net annual addition of Rs. 9,000 crores, plus bank credit

over the current annual employment relief expenditure of Rs. 3,000 crores.

Where will this money come from ?

The answer is that this Right to Work, social security provision should be the first charge on the budget and all else will have to be adjusted to residual resources available to the state and economy. The sums mentioned above are the same as the current year's defence budget. When it is defence, this question does not arise : it should be the same with regard to the work provisions and social security funding which the Right to Work involves.

There are resources available which are not being used by the state.

First, the present employment cess on the income tax should be made permanent: it should also be levied on the corporate tax. Second, the administrative services of the states and the union governments can be drastically pruned, saving some Rs. 3,000 to Rs. 4,000 crores per annum. Third, other non development expenditures can be reduced — defence services, subsidies, etc. saving an equal amount. Fourth, some of the large capital guzzling projects should be reviewed and cut back. In the public sector of both the union and the states — the loss making enterprises can be closed or sold, and some of large capital intensive projects reduced, saving an equivalent amount to that on administration. Finally, there are large resources in the underground economy which have been officially estimated at a third of the National income of the country but which I estimate at 409 crores. There are also the country's funds which have been secretly invested in foreign tax havens, amounting to Rs. 3,000-4,000 crores per annum. If through a system penal action and incentives, those are brought above ground, and into the tax net, there would be an annual Rs. 3,000-4,000 additional revenue accruing to the state. Over time, the scope of this sector will decline, as the economy increasingly generates gainful employment. The funds so released can be invested in further employment generating agricultural and wage goods producing industrial activities, and also finance the needed expansion in the infrastructural sector.

The Right to Work does have serious financial implications. But the funds needed are available and must be made available to make the Right to Work a reality or in the alternative it would be better to postphone the constitutional amendment bill, their agreement on the above financial implications and fiscal means of meeting them.

Statement of the Workshop*

The Twentieth Interdisciplinary Research Methodology Workshop on "Management of Land Resources" organised by the Madras Institute of Development Studies in collaboration with the Indian Council for Social Science Research was held at the Centre for Development Studies, Thiruvananthapuram from June 6—9, 1990. There were 27 participants representing the disciplines of Economics, Sociology, Forestry, Ecology, Management, Geomorphology, Soil Science, Geography and Urban Planning. This Workshop, the second in the series on "Management of Renewable Resources", dealt with issues concerning Land Management, while the previous one in Bangalore was on Water Management. Since the Bangalore Workshop discussed irrigation and agriculture in great detail, the focus of this workshop was on management of other uses of land such as common property land, watershed protection, and urban land. Issues pertaining to land management, such as rights to land ownership and the mapping of land resources were also included on the workshop agenda. The final workshop in this series will discuss the management of renewable energy resources.

Land Reforms

1. The relevance of land reforms as a theme under the broad canvas of renewable resources is justified by the assertion that to the extent productivity of the land is renewed/ augmented through land reforms, the latter is an appropriate theme in the context of renewable resources. Though land reform legislations are necesary to remove one of the fetters on productivity, i. e., agrarian relations, that alone may not produce the desired results. Innovative agricultural techniques, appropriate to the soil and economy, as well as adequate support systems such as credit, marketing services etc., for small/marginal farmers are some of the other prerequ isites for increase in productivity Effective collective participation of the owner-farmers in the agricultural operations can further contribute to enhance productivity.

* Statement of twentieth Interdisciplinary Research Methodology Workshop on "Management of Renewable Resources - II" held at centre for Development studies, Trivandrum between June 6th and 9th 1990.

2. An assessment of the impact of land reform legislations in Tamilnadu by looking at the implementation of these legislative measures, suggests that by and large they have failed to alter the existing agrarian structure. However, if the government had not exempted the land under religious and charitable institutions, it would have led to better distribution of land-holdings.

3. Another aspect of land reforms is that, the land ownership pattern has changed during the last five decades from 1930 to 1982 among major caste groups as exemplified by a case study of a village in Andhra Pradesh. While the relevance of using caste categories for understanding the agrarian structure is questionable, it cannot be denied that caste influences are still quite significant in the Indian context, and in the particular case study which was reported, such influences are dominant. While it is conceded that understanding the changes in land ownership patterns among castes may enhance the insights into the dynamics of rural transformation, such location — specific phenomenon may not be generalisable. However, the fact that the SC/ST groups did not benefit over the long period under study, has to be noted as a pointer to the ineffectiveness of land reform measures, from the point of view of the dispossessed.

Urban Land Management

4. The characterisation of urban land as a renewable resource is appropriate as long as ways and means can be found to improve the 'productivity' (from the point of view of the whole economy) of urban land. Conversion of existing residential land to commercial land or coverting land with an individual dwelling to one having a multi-storeyed residential/commercial complex, and such other steps are examples of renewing the urban land.

5. The problems of urban land management towards achieving desired objectives — social as well as physical — are highlighted through case studies of the functioning of the Bangalore Development Authority (BDA) and the Madras Metropolitan Development Authority (MMDA). The interventions through agencies such as BDA or MMDA are intended to achieve the following objectives: a) planned growth, b) fair and equitable distribution of urban land among different classes of people and among different functional uses, and c) generation of financial resources to enable cross — subsidisation, while providing urban infrastructure/services.

6. In order to achieve these objectives, certain methods-of regulation are followed, such as land use planning, land readjustment, land acquisition, land banking, land ceiling, and fiscal measures like betterment taxation, vacant land taxation, etc. However, the effectiveness of such measures is found to be far short of expectations. The major reasons for the ineffectiveness of the efforts of the agencies such as MMDA and BDA are the following: (a) lack of an integrated planning approach, (b) absence of people's participation in the functioning of the development authorities, (c) continued nexus between vested interests in the political and bureaucratic systems to benefit the rich at the expense of the society, and (d) the lack of a minimal data-base which can aid the integrated planning approach.

7. Alternative approaches suggested are: a) replacing the existing Urban Land

Ceiling and Regulation Act with a more effective and comprehensive urban land management act, b) involving the private sector in the provision of low income dwelling units, c) introducing fiscal measures such as vacant land taxation and development charges, and d) strengthening the land record agencies to create a good data-base.

8. The impact of demographic pressures on the urban ecosystem is a cause for concern. Urban explosion ultimately leads to the destruction of ecological balance. In this context, the sustainability of the urban ecosystem vis-a-vis the rural ecosystem also has to be kept in mind. To minimize the inmigration of population into metropolitan cities, small and medium size towns should be developed by strengthening their infrastructure facilities.

9. The lack of concern for the economically weaker sections by the urban planners, if continued will lead to a situation where human beings will be degraded to the extent of violence against fellow human beings in order to survive. The perspective of considering slum dwellers as encroachers into the urban scene, and programmes to "clear" slums based on such a perception are short-sighted, since the slum dwellers significantly contribute to the economic activity of the urban areas, and their rights to enjoy minimum benefits of urban development must be ensured.

10. Thus, urban land management cannot be viewed in isolation but in the context of the overall development strategy. Creating new agencies for urban management and better legislation to empower them with more powers to acquire land or impose restrictions such as zoning are likely to result in at best, some short-term gains and at worst, abuse of the powers to benefit the already endowed classes. Nevertheless, efforts towards making these development agencies more citizen - oriented, more efficient and more integrated (in terms of linkages between land use, transport, and other infrastructure development) must continue.

Common Property Resources

11. The management of common property resources (CPR) is explicated using an analytical frame, and in the context of two differing empirical situations- the first concerning the coastal ecosystem with particular reference to the use of common fishing rights along the Kerala Coastline, and the second in the use of common lands in the Kosi Embankment Area in Bihar.

12. The analytical model indicates that — free or open access will not lead to optimal use of the CPR unless it is managed through collective or community action. The rationale for this model is that private users who benefit from the CPR, do not consider the social costs (negative externalities) that they impose on other users. An alternative approach is to think of the CPR as a resource which produces diminishing returns to the inputs applied by the various users. Though various institutions in the past have successfully managed tanks, woodlots, grazing land, etc., these institutions have broken down due to greater privatisation, influence of market forces, or technology. The "rationality" of past generations may no longer be relevant to the values and ethos of the present. Therefore, it is necessary to review the communication process so that "shared meaning" can again provide the basis for determining

human values. But these meanings may be different for different groups. In theory, village panchayats could manage CPRs in trusteeship arrangements. However, since the panchayats often reflect the power-structure of the villages, it is unlikely that, the benefits of the CPR will be shared in an equitable manner. Gram-Sabhas may be considered as an alternative organisation for the management of CPRs.

13. While the appropriate use of CPRs is a concern for all sections of society, it is an immediate concern for people who depend on it directly for a livelihood. Most of the time these are groups that are already marginalised and living at subsistence. A large section of this group are women whose labour power and role in production do not enter calculations in costs of production, Moreover, as the CPRs get increasingly depleted, the costs of survival also increase and these in their turn reflect on the total social costs of production, in which women face maximum deprivation. It is therefore necessary to take into consideration the "invisible" costs that are involved in assessing the use of the CPRs in understanding their role in sustainable development. New concepts, measures, and methodology for research of the CPR have to evolve to take the above into consideration.

14. An example of community intervention in the coastal ecosystem of Kerala shows how the communication process among fishermen was initiated by a non-governmental organisation. Mechanisation of fishing during the sixties and seventies using techniques inappropriate to the tropical waters led to a depletion of the stock of fish— a case of over—use of the CPR. The result was a decline in income to traditional fishermen, apart from the damage to the coastal ecosystem. The fishermen sought to re-establish the historical rights to their CPR by collective action at two levels — at the macro-level by unionisation and the micro-level in some regions by community efforts to rejuvenate the ecosystem by erecting artificial reefs.

15. Seeing the possibility of economic gains, the State may take on the responsibility of financing and/or erecting the artificial reefs, in order to restore the productivity of the CPR. However, large-scale state intervention would dampen the group/community initiatives in protecting the CPR. The process of building institutions to collectively manage CPRs is a slow one requiring facilitation, but not major intervention by external agents.

16. In the case of the Kosi embankment area in Bihar, there is as yet no evidence of any organisational or community efforts to manage common property land. The research effort was a pioneering one in terms of identification of CPRs in wet areas. The changing course of the Kosi river causes major uncertainities for the villagers who live in the embankment area. The cultivable "wasteland" is highly productive in term of the luxuriant grass which could be used as forage. Another peculiarity of the region is its high population density. Thus, the management of the CPR in wet areas presents significantly different challenges when compared to dry areas. Restriction on grazing may lead to better utilisation of the grasslands. It may also be necessary to restrict privatisation of the common property land.

Watershed Management

17. There has been increasing interest in the management of water

sheds in dry areas and in hilly areas, to improve land productivity and to protect the environment. The watershed also serves as a natural boundary for micro-level planning. Land uses, within the watershed need to be studied in terms of their capability. Also, resource surveys of soil, water, vegetation as well as socio-economic surveys need to be conducted before instituting management measures. The implementation of the programme requires the participation and coordination of various government departments, local institutions, and land owners/users of the watershed.

18. However, watershed management may also involve the resolution of conflicts among different individuals/groups who live in different parts of the watershed and in downstream areas. There have to be restrictions on uses which may need to be collectively enforced at the local level. A greater degree of success is likely if the population is reasonably homogeneous as in the case of Sukhomajiri. The institutional arrangements that must be made to enlist the cooperation and participation of all those who live in the watershed has been crucial in the successful "demonstration" projects, among the 47 projects currently carried out by the ICAR and other affiliated agencies.

Mapping of land resources

19. Computer assisted cartography, satellite imagery, and geographical information systems (G.I.S.) are important tools in land resources appraisal. They enable comprehensive, up-to-date and relevant information on land resources status to be obtained quickly and efficiently for the use of policy makers and potential users. Such information is very useful for proper land resources management, sound environment planning and frequent pollution monitoring.

20. Newer cartographic products like photo-base maps and digital maps are becoming important tools of analysis, as they are able to convey much more information in a more efficient manner than the conventional maps. In digital maps, the location and attribute data are converted into a digital form on an accurate geo-coded data-base such as the Survey of India topography base maps. This needs a large computer and powerul software. Computer aided cartography provides a rapid and efficient method for data feeding, simple processing, storage and retrieval in the form of tables, diagrams or maps at desired projection, scale and design.

21. Satellite imagery has given rise, in India and elsewhere, to several achievements pertaining to forest cover depletion, coastal and inland habitat degradation, crop harvest estimation, weather forecasting, groundwater prospecting, fossil fuel and mineral exploration and map updating. In satellite imagery interpretation, visual methods using multitemporal scenes' geodetically corrected to match a common map base is probably the cheapest and widely usable. Computer aided analyses, both supervised and unsupervised (akin to cluster analysis) coupled with any of a variety of techniques to highlight variations offers immense scope for analysing and classifying land phenomena. Visual methods of interpretation have not attained the popularity they merit because of the high cost of the imagery and the difficulty of getting adequately

geometrically corrected scenes covering different seasons. Computer aided analyses have a restricted potential, again because of the high cost of computer time.

22. The pioneering efforts in Canada, U.S.A. and Thailand illustrate the immense potential as well as the complexity of G.I.S., and the need for a sufficiently detailed infrastructural database, comprising up-to-date topography maps, practical soil maps, satellite imagery scenes taken over several seasons, and good quality aerial photographs at appropriate scale. Rapid advances are being made in the use of raster-based and topology- based software and in computer storage capacities to enable rapid data handling and use of high resolution data. G.I.S. is truly a subject in the frontiers of research. Under these circumstances, it is very necessary that the infrastructural data-base be widely used; this will generate the information needed as inputs for building up a sound G.I.S. for management of land resources.

23. There are great prospects of rapid progress in social and economic development based on sound land resources management if constraints related to costs, access and dissemination of data-bases can be resolved within the framework of national security. In addition, the prospects of developing instrumentation technology and interpretation techniques appropriate to the local needs will be greater when all existing centres in India with an innate capacity for using these data-bases are encouraged to undertake land resources studies.

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